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HOUSE BILL 877

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

Miguel P. Garcia

AN ACT

RELATING TO TAXATION; RESTORING PROGRESSIVITY TO INCOME TAX RATES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-7 NMSA 1978 (being Laws 2005, Chapter 104, Section 4) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES.--The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, [2008] 2010:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
Not over \$4,000	1.7% of taxable income
Over \$ 4,000 but not over \$ 8,000	\$68.00 plus 3.2% of excess over \$4,000
Over \$ 8,000 but not over \$ 12,000	\$196 plus 4.7% of

.174853.1

underscored material = new
[bracketed material] = delete

1 excess over \$8,000
2 Over \$ 12,000 but not over \$20,000 \$384 plus 4.9% of
3 excess over \$12,000
4 Over \$20,000 \$776 plus 5.3% of excess
5 over \$20,000.

6 B. For heads of household, surviving spouses and
7 married individuals filing joint returns:

8 If the taxable income is: The tax shall be:
9 Not over \$8,000 1.7% of taxable income
10 Over \$ 8,000 but not over \$ 16,000 \$136 plus 3.2% of
11 excess over \$8,000
12 Over \$ 16,000 but not over \$ 24,000 \$392 plus 4.7% of
13 excess over \$16,000
14 Over \$ 24,000 but not over \$40,000 \$768 plus 4.9% of
15 excess over \$24,000
16 Over \$40,000 \$1,552 plus 5.3% of
17 excess over \$40,000.

18 C. For single individuals and for estates and
19 trusts:

20 If the taxable income is: The tax shall be:
21 Not over \$5,500 1.7% of taxable income
22 Over \$ 5,500 but not over \$ 11,000 \$93.50 plus 3.2% of
23 excess over \$5,500
24 Over \$ 11,000 but not over \$ 16,000 \$269.50 plus 4.7% of
25 excess over \$11,000

underscored material = new
[bracketed material] = delete

1 Over \$ 16,000 but not over \$26,000 \$504.50 plus 4.9% of
2 excess over \$16,000
3 Over \$26,000 \$994.50 plus 5.3% of
4 excess over \$26,000.

5 D. The tax on the sum of any lump-sum amounts
6 included in net income is an amount equal to five multiplied by
7 the difference between:

8 (1) the amount of tax due on the taxpayer's
9 taxable income; and

10 (2) the amount of tax that would be due on an
11 amount equal to the taxpayer's taxable income and twenty
12 percent of the taxpayer's lump-sum amounts included in net
13 income."

14 Section 2. Section 7-2-7 NMSA 1978 (being Laws 2005,
15 Chapter 104, Section 4, as amended by Section 1 of this act if
16 it becomes law) is repealed and a new Section 7-2-7 NMSA 1978
17 is enacted to read:

18 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The
19 tax imposed by Section 7-2-3 NMSA 1978 shall be at the
20 following rates for a taxable year beginning in 2011:

21 A. For married individuals filing separate returns:
22 If the taxable income is: The tax shall be:
23 Not over \$4,000 1.7% of taxable income
24 Over \$4,000 but not over \$8,000 \$68.00 plus 3.2% of
25 excess over \$4,000

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underscored material = new
[bracketed material] = delete

1 Over \$8,000 but not over \$12,000 \$196 plus 4.7% of excess
2 over \$8,000
3 Over \$12,000 but not over \$20,000 \$384 plus 4.9% of excess
4 over \$12,000
5 Over \$20,000 but not over \$32,000 \$776 plus 5.3% of excess
6 over \$20,000
7 Over \$32,000 \$1,412 plus 6.0% of
8 excess over \$32,000.

9 B. For heads of households, surviving spouses and
10 married individuals filing joint returns:

11 If the taxable income is: The tax shall be:
12 Not over \$8,000 1.7% of taxable income
13 Over \$8,000 but not over \$16,000 \$136 plus 3.2% of excess
14 over \$8,000
15 Over \$16,000 but not over \$24,000 \$392 plus 4.7% of excess
16 over \$16,000
17 Over \$24,000 but not over \$40,000 \$768 plus 4.9% of
18 excess over \$24,000
19 Over \$40,000 but not over \$64,000 \$1,552 plus 5.3% of
20 excess over \$40,000
21 Over \$64,000 \$2,824 plus 6.0% of
22 excess over \$64,000.

23 C. For single individuals and for estates and
24 trusts:

25 If the taxable income is: The tax shall be:

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underscored material = new
[bracketed material] = delete

1	Not over \$5,500	1.7% of taxable income
2	Over \$5,500 but not over \$11,000	\$93.50 plus 3.2% of
3		excess over \$5,500
4	Over \$11,000 but not over \$16,000	\$269.50 plus 4.7% of
5		excess over \$11,000
6	Over \$16,000 but not over \$26,000	\$504.50 plus 4.9% of
7		excess over \$16,000.
8	Over \$26,000 but not over \$42,000	\$994.50 plus 5.3% of
9		excess over \$26,000
10	Over \$42,000	\$1,842.50 plus 6.0% of
11		excess over \$42,000.

12 D. The tax on the sum of any lump-sum amounts
13 included in net income is an amount equal to five multiplied by
14 the difference between:

15 (1) the amount of tax due on the taxpayer's
16 taxable income; and

17 (2) the amount of tax that would be due on an
18 amount equal to the taxpayer's taxable income and twenty
19 percent of the taxpayer's lump-sum amounts included in net
20 income."

21 Section 3. Section 7-2-7 NMSA 1978 (being Section 2 of
22 this act if it becomes law) is repealed and a new Section 7-2-7
23 NMSA 1978 is enacted to read:

24 "7-2-7. [NEW MATERIAL] INDIVIDUAL INCOME TAX RATES.--The
25 tax imposed by Section 7-2-3 NMSA 1978 shall be at the

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underscored material = new
[bracketed material] = delete

1 following rates for a taxable year beginning in 2012:

2 A. For married individuals filing separate returns:

3 If the taxable income is:	The tax shall be:
4 Not over \$4,000	1.7% of taxable income
5 Over \$4,000 but not over \$8,000	\$68.00 plus 3.2% of
6	excess over \$4,000
7 Over \$8,000 but not over \$12,000	\$196 plus 4.7% of excess
8	over \$8,000
9 Over \$12,000 but not over \$20,000	\$384 plus 4.9% of
10	excess over \$12,000
11 Over \$20,000 but not over \$32,000	\$776 plus 5.3% of
12	excess over \$20,000
13 Over \$32,000 but not over \$50,000	\$1,412 plus 6.0% of
14	excess over \$32,000
15 Over \$50,000	\$2,492 plus 6.8% of
16	excess over \$50,000.

17 B. For heads of households, surviving spouses and
18 married individuals filing joint returns:

19 If the taxable income is:	The tax shall be:
20 Not over \$8,000	1.7% of taxable income
21 Over \$8,000 but not over \$16,000	\$136 plus 3.2% of excess
22	over \$8,000
23 Over \$16,000 but not over \$24,000	\$392 plus 4.7% of excess
24	over \$16,000
25 Over \$24,000 but not over \$40,000	\$768 plus 4.9% of

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1 excess over \$24,000
2 Over \$40,000 but not over \$64,000 \$1,552 plus 5.3% of
3 excess over \$40,000
4 Over \$64,000 but not over \$100,000 \$2,824 plus 6.0% of
5 excess over \$64,000
6 Over \$100,000 \$4,984 plus 6.8% of
7 excess over \$100,000.

8 C. For single individuals and for estates and
9 trusts:

10 If the taxable income is: The tax shall be:
11 Not over \$5,500 1.7% of taxable income
12 Over \$5,500 but not over \$11,000 \$93.50 plus 3.2% of
13 excess over \$5,500
14 Over \$11,000 but not over \$16,000 \$269.50 plus 4.7% of
15 excess over \$11,000
16 Over \$16,000 but not over \$26,000 \$504.50 plus 4.9% of
17 excess over \$16,000
18 Over \$26,000 but not over \$42,000 \$994.50 plus 5.3% of
19 excess over \$26,000
20 Over \$42,000 but not over \$65,000 \$1,842.50 plus 6.0% of
21 excess over \$42,000
22 Over \$65,000 \$3,222.50 plus 6.8% of
23 excess over \$65,000.

24 D. The tax on the sum of any lump-sum amounts
25 included in net income is an amount equal to five multiplied by
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the difference between:

(1) the amount of tax due on the taxpayer's taxable income; and

(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income."

Section 4. EFFECTIVE DATES.--The effective date of:

A. Section 1 of this 2009 act is January 1, 2010;

B. Section 2 of this 2009 act is January 1, 2011;

and

C. Section 3 of this 2009 act is January 1, 2012.